

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

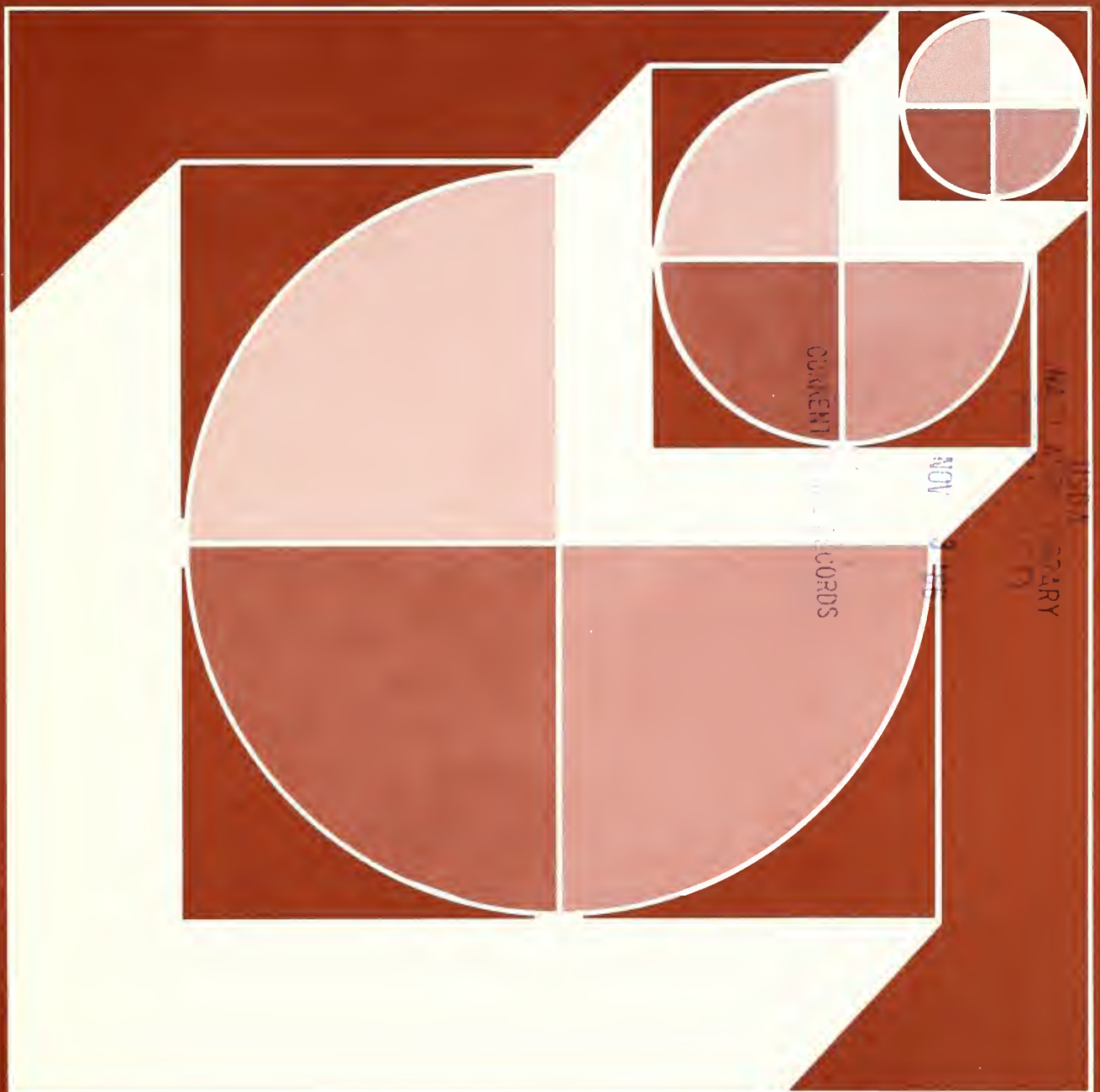
27X326
A115
Reserve

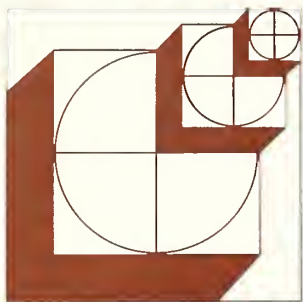
Family Economics Review

1986
No. 4

United States
Department of
Agriculture

Agricultural
Research
Service





Family Economics Review

1986 No. 4

Contents:

Editor
Joan C. Courtless

Managing Editor
Sherry Lowe

Family Economics Review is published each quarter by the Family Economics Research Group, Agricultural Research Service, United States Department of Agriculture, Washington, D.C.

The Secretary of Agriculture has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for this periodical has been approved by the Director of the Office of Management and Budget through March 31, 1987.

Contents may be reprinted without permission, but credit to **Family Economics Review** would be appreciated. Use of commercial or trade names does not imply approval or constitute endorsement by USDA.

Family Economics Review is for sale by the Superintendent of Documents, U.S. Government Printing Office. Send subscription orders, change of address, and single copy requests to Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. (See subscription form in back of this issue.)

Suggestions or comments concerning this publication should be addressed to:

Joan C. Courtless, Editor,
Family Economics Review,
Family Economics Research Group,
USDA/ARS, Federal Building,
Room 442A, Hyattsville, Md. 20782.

Child Care Arrangements and Expenditures 1
Frankie N. Schwenk

Contributions and Gifts of Cash 12
Kathleen K. Scholl

Planning for Tomorrow's Elderly 17
Joyce Matthews Pitts

Abstracts

Mothers' Labor Force Activity 8

Earnings of Married-Couple Families 10

Housing Assistance Program Participation 21

New York Family Budget Costs--Annual Price Survey, 1985 24

Projected Food Expenditures 26

Regular Features

Agricultural Outlook '87 Program--Outlook for Families 21

Cost of Food at Home 25

Some New USDA Publications 26

Updated Estimates of the Cost of Raising a Child 28

Consumer Prices 30

Index of Articles in 1986 Issues (back cover)

Issued October 1986

Child Care Arrangements and Expenditures//

By Frankie N. Schwenk
Family economist

CHILD CARE ARRANGEMENTS

Need for Child Care Arrangements

The need for child care arrangements is growing. Not only has the number of American children under 5 years old increased since 1980--from 16.4 million in 1980 to 17.8 million in 1984 (6, p. 26)--but, also, more mothers are working and there are more single-parent families. These factors contribute to an increased demand for child care arrangements.

Of the Nation's 58 million children under age 18, 56 percent had mothers in the labor force in March 1984, up from 39 percent in 1970 (2). For mothers with children under 18 years of age, 6 in 10 were in the labor force in March 1984, compared with 4 in 10 in 1970. Increases have been greatest among married mothers of preschool children, especially those with children under 1 year. Their participation rate jumped from 24 percent in 1970 to 47 percent in 1984.

The labor force participation rates of married mothers rose from 40 percent in 1970 to 59 percent in 1984, whereas the rate for divorced mothers increased from 76 percent to 79 percent during that time (2). Figure 1 summarizes the changes in labor force participation rates of mothers from 1970 to 1985, as related to marital status of the mother and age of the child. The rate of labor force participation among separated and divorced mothers did not change as much as that for married women, but the numbers increased substantially. The number of separated and divorced mothers in the labor force with children ages 6 to 17 rose from 1 million in 1970 to 2.7 million in 1985; and for those mothers with children under 6 years old, from 0.6 million to 1 million (6). Corresponding numbers for married employed mothers with children ages 6 to 17 were 6.3 million (1970) and 8.5 million (1985); and for those with children less than 6 years old, 3.9 million (1970) and 6.4 million

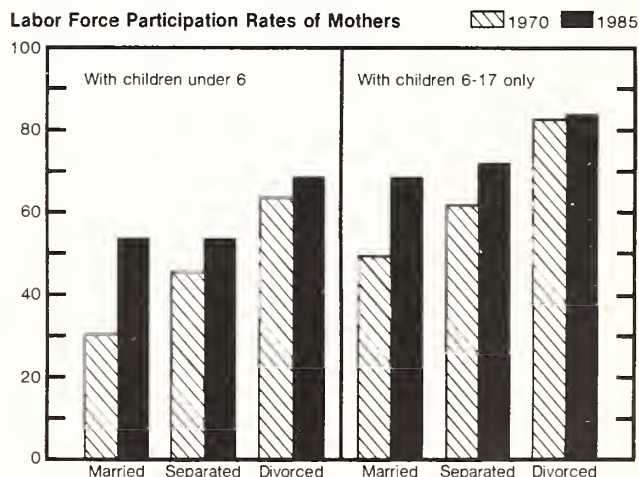
(1985). The number of single-parent families doubled from 1970 to 1984 and now constitutes one-fourth of all families with children under 18 years old.

Child Care Placement

The child care system has a patchwork design composed of many settings. In addition to parental, sibling, or self-care, children may be placed in center care or family day-care homes, or receive in-home care. Center care may be a nursery school or day care center that is operated for profit or non-profit, existing independently or sponsored by churches, employers, or community organizations. Family day care is in the home of the care provider. In-home care refers to care provided by someone who comes into the child's home. The type of arrangement and the amount of time spent in a child care arrangement are very dependent upon the age of the child.

Child care arrangements for children less than 5 years old. The 1982 Current Population Survey (CPS) (see box on p. 2) indicates there has been a shift from in-home care to out-of-home and group care for children less

Figure 1



Data compiled from the following sources: U.S. Department of Labor, Bureau of Labor Statistics, *Special Labor Force Reports* Nos. 13, 130, and 134, Bulletin 2163, and unpublished data; as reported in *Statistical Abstract of the United States 1986*, p. 399, U.S. Department of Commerce, Bureau of the Census.

STUDIES REPORTING ON CHILD CARE ARRANGEMENTS

- The 1982 Current Population Survey of 60,000 households, conducted by the U.S. Bureau of the Census, provides data on the principal child care arrangement for families with at least one child less than 5 years old with a working mother age 18 to 44 (5).
- Data for child care of children ages 5 to 13 were collected in the December 1984 Current Population Survey and are being processed.
- The National Center for Health Statistics conducted the third National Survey of Family Growth in 1982. A probability sample of 8,000 women 15 to 44 years of age were interviewed. Questions were asked about multiple arrangements for the care of each child under the age of 12 (3).
- Data from the Panel Study of Income Dynamics on multiple care arrangements of the youngest child under the age of 12 were collected in 1979 from 1,300 families with either a working mother or a single working parent (4).
- The School-Age Day Care Study was a statewide survey in the school year 1981-82 of child care arrangements among 1,000 families in Minnesota and Virginia with children ages 5 to 14, sponsored by the Administration for Children, Youth and Families, U.S. Department of Health and Human Services (1).
- The continuing Consumer Expenditure Survey, conducted by the Bureau of Labor Statistics, U.S. Department of Labor, has a rotating sample of 5,000 consumer units who are asked each quarter about expenditures for babysitting and day care (7). Data from 1981 are reported in this article.

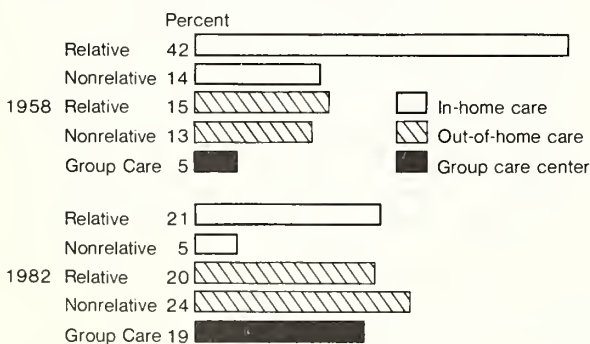
than 5 years old (5). Figure 2 shows this change from 1958 to 1982 for children of mothers employed full time and also illustrates that relatives were less likely to be caring for the children in 1982 than in 1958. Of families with a mother employed full time in 1982, 48 percent had the youngest child cared for by a nonrelative

(5 percent in the child's home, 24 percent in the caretaker's home, and 19 percent in center care) and 46 percent had care provided by a relative (6 percent by the mother while working, 10 percent by the father and 10 percent by other relatives in the child's home, and 20 percent in the home of a relative). The other 6 percent had other arrangements or gave no answer.

For families with a mother who worked part time, care was provided by the father in 20 percent of the families (compared with 10 percent in families with a mother employed full time), by the mother while working in 14 percent of families (compared to 6 percent), and a group care center was used by 8 percent (compared with 19 percent) (5). This implies that part time work decreases the use of caretakers other than the parents.

Parental care during hours of employment was more prevalent among less educated women, white women, husband-wife families where both have blue-collar occupations, and families with income less than \$15,000 (5). Group care services were more likely to be used by families whose youngest child was at least 3 years old, black women, well-educated women, and women working full time.

Figure 2
Principal Child Care Arrangements for Preschool Children,
Used by Mothers Employed Full Time*



*The 1958 percentages are for mothers with the youngest child under 6 years.
The 1982 numbers are for mothers with the youngest child under 5 years.

Note: percent of families where mother cared for child while working, had other care arrangements, or gave no answer are not shown.

Sources: U.S. Department of Commerce, Bureau of the Census, *Current Population Reports, Special Studies Series P-23*, Nos. 117 and 129, as appearing in *Families and Child Care: Improving the Options*, 1985, U.S. House of Representatives, Committee Report No. 98-1180.

Data from the National Survey of Family Growth (NSFG) show similar patterns of child care arrangements but indicate a higher percent of children under 3 years old in family day-care homes (3).

Child care arrangements for school age children. Child care is needed for this age group primarily before and after school and during the summer and holidays. It is provided by a broad variety of caretakers (such as relatives, friends, neighbors, or self-care) and programs or settings provided by libraries, parks, playgrounds, churches, or schools. The variety of arrangements makes measurement of child care for this age group difficult. For example, a relative or neighbor might provide a check-in point or be available when needed after school but may not actually provide care for the child on a day-to-day basis. The Panel Study of Income Dynamics (PSID) indicates that 28 percent of families with the youngest child 6 to 11 years old received care from a relative or sibling living in the household, or reported self-care as one of the methods of child care (4). Twenty-nine percent provided parental care by splitting shifts, working at home, or taking the child to work. Other reported methods included public school (48 percent), baby-sitter or friend (25 percent), and day care center (4 percent).

Preliminary results from the 1984 CPS indicate that 2.3 million children (of about 30 million children ages 5 to 13) were in the care of a nonrelative after school on a regular basis, usually for 1 or 2 hours.¹ About 1 million were in the care of a nonrelative before school, usually for less than 2 hours. (CPS data on self-care and care by relatives has not yet been published.)

Data from the 1982 NSFG study also provide information on school age children not in the care of a parent, a sibling under 12 years, and not in self-care while the mother was working (3). Of those families with children ages 6 to 8 years old and the mother working full time, 41 percent were with a relative (including a sibling 12

years or over) and 59 percent were with a nonrelative (36 percent in a family day-care home, 15 percent in group care, and 8 percent with a nonrelative at home). Children ages 9 to 12 were more likely to be taking care of themselves. Of those who were in child care, 53 percent of those with an employed mother were with a relative. Only 8 percent of these children were in group care.

CHILD CARE EXPENDITURES²

Data from Fees, Surveys, and Tax Returns

If fees were used to estimate child care expenditures, estimates might be \$45 to \$75 per week for a preschooler in center care, as cited in hearings of the House Select Committee on Children, Youth, and Families (8). However, most families do not incur these costs because they make other arrangements for child care. For instance, care by parents is not reported as a cost or expenditure. Of the CPS families with the youngest child under 5 years old and with an employed mother, 23 percent reported that the father or mother was the principal caretaker for the child while the mother worked (5). For CPS families with school age children, those who reported parental care ranged from 40 percent when the mother was employed full time to 70 percent when she was employed part time (3). The PSID study reported that in one-third of the families with children under 12 and parents working, a parent was one of the care providers (4).

Also, self-care and sibling care may not involve cash payment. In Minnesota and Virginia, survey results indicated that 7 percent and 11 percent, respectively, of children age 9 to 11 were in self-care or sibling care as one care arrangement (1). The PSID reported that 8 percent of families with the youngest child 6 to 11 years old used self-care as one of their arrangements (4).

Even among caretakers outside the immediate family, there are arrangements that involve noncash payments or no payment. Noncash payments may include providing transportation or meals for the caretaker or

¹Information taken from personal communication with the U.S. Bureau of the Census, Population Division, in June 1986.

²Expenditures are in survey-year dollars.

exchanging child care services with neighbors or a babysitting cooperative organization. Relatives, especially grandparents, may provide care for no payment.

Table 1 describes the distribution of these arrangements for CPS families with the youngest child less than 5 years old (5). Seventy-three percent of employed mothers who used child care arrangements (other than parental care) paid cash only. Cash payments were more likely when the care was provided by a nonrelative or a group care center. Ten percent had noncash arrangements and 13 percent made no payment of any kind.

In the PSID data, from 1979, 53 percent of families with a child under age 12 and a working wife or unmarried working parent paid nothing; 16 percent paid up to \$20 per week; 26 percent paid \$20 to \$37; and only 5 percent paid \$40 or more (4). In the Virginia and Minnesota study, about 84 percent of the respondents reported they had no cost or did not know the cost of child care for their children ages 5 to 14 (1). The most frequently reported cost was \$1 to \$20 per week (11 percent in Virginia and 9 percent in Minnesota); 4 percent spent \$20 to \$40, and 2 percent spent over \$40.

Data on child care expenditures from individual income tax returns provide another source of information. In 1981 credit was limited to 20 percent of child care costs incurred for those with incomes over \$20,000 (there was a sliding scale for those below this income), with maximum costs of \$2,000 for one dependent and \$4,000 for two or more dependents (8). In 1981, 4.6 million returns included child care credit. The aggregate amount was \$1.2 billion for an average credit of about \$260 for families who claimed the credit. At the 20 percent level, a credit of \$260 would suggest \$1,300 annual expenses, or \$25 per week.

Analysis of 1981 Consumer Expenditure Survey Child Care Data

The Consumer Expenditure Interview Survey (CES) (7) asked respondents how much they paid during the last 3 months for "daycare, nursery school or preschool" expenses and for "babysitting or other home care for children."³ Expenditure data for four quarters of 1981 were combined because separate

³Data from Public Use Tapes, Consumer Expenditure Survey: Interview Survey, 1980-81, U.S. Department of Labor, Bureau of Labor Statistics.

Table 1. Mothers using cash or noncash child care arrangements for youngest child under 5 years old, 1982

Principal type of arrangement	Cash payment only	Noncash arrangement only	Both cash and noncash arrangements	No payment of any kind	Don't know/no answer
(percent distribution)					
Total employed	73.3	9.5	3.7	12.8	0.7
Care in child's home.....	49.2	16.6	7.8	25.6	0.9
By grandparent	22.3	25.4	5.8	45.2	1.4
By nonfamily relative.....	42.0	21.8	11.6	23.2	1.4
By nonrelative	82.8	3.6	7.5	6.1	0.0
Care in another home.....	74.8	9.9	3.2	11.4	0.6
By grandparent	37.9	24.1	4.8	32.4	0.9
By nonfamily relative.....	72.5	10.5	7.3	9.3	0.4
By nonrelative	94.3	2.4	1.3	1.3	0.7
Group care center.....	94.0	1.5	0.7	3.3	0.8
Nursery school.....	93.6	1.6	1.2	2.3	1.3
Day care center.....	94.1	1.2	0.4	3.8	0.4

Source: U.S. Department of Commerce, Bureau of the Census, 1983, Child Care Arrangements of Working Mothers: June 1982, Current Population Reports, Series P-23, No. 129, p. 30.

analyses indicated little variation across quarters. There were quarterly data from nearly 5,000 consumer units with the youngest child less than 12 years old. Seven percent of the families with the youngest child under 5 years old and 10 percent of families with the youngest child 5 to 12 years old had an adult or child other than their own living with them.

Child care expenditures vary with the age of youngest child, number of parent earners, income, and number of parents present.⁴ Factors that had little effect on these expenditures were metropolitan size, race, and number of preschoolers. Overall, child care expenses increased with income and were related to family characteristics (table 2, p. 6).

Separate analyses were made for consumer units with the youngest child under 5 years old and for those with the youngest child 5 years or older but less than 12, because the literature and regression analyses indicated that child care costs are related to the age of the child. Children less than 5 years old need more care because they are not in school. Also, the reported costs were for the care of all children in the family. Families with a preschooler were more likely to have more than one child 12 years old or less than were families with the youngest child in school; therefore, families with a preschooler had higher costs partly because they had more children needing care. The age of 12 was chosen as the other breakpoint because the School-Age Day Care Study in Virginia and Minnesota indicated parents began to consider self-care an option at that age (1). Also, these age categories allow some comparisons with the CPS and PSID studies.

Comparison of age groups. Nearly one-half of the CES families with preschool children had child care expenses, compared with one-fifth of the families with school age

children. Older children were in school much of the day and might have been in self-care or in community programs that were reported as recreational expenses rather than child care. Also, families with preschoolers were more likely to have more than one child needing care.

For those households with child care expenses, the average cost was \$19 per week for preschool children, compared with \$15 for school age children in care. The average dollar amounts obscure the range of expenditures among families. Average weekly expenditures for families with preschool children ranged from less than \$1 to \$273 (standard deviation = \$21) and, for families of school age children, the range was from less than \$1 to \$139 (standard deviation = \$16). Expenditures for child care included both day care and babysitting. For families who incurred costs, average weekly child care expenditures were \$19 for day care and \$14 for babysitting in the younger group, and \$21 and \$10, respectively, in the older group.

Comparison of family types. As expected, families in which all parents were earners were more likely to have child care expenses than families with one parent not employed. Of those all-earner families that had expenses, 5 or 7 percent of total expenditures was for child care, compared with 2 percent for those families with a nonearner parent.

A further analysis of families indicates that the average amount spent on child care by two-parent, two-earner, and one-parent, one-earner families with a preschooler were similar (\$23 and \$26 per week). However, the one-parent, one-earner families allocated 10 percent of their total expenditures to child care, compared with 6 percent by two-parent, two-earner families. This reflects the difference in average, before-tax income in 1981 dollars for families in the survey with youngest child less than 5 years old--\$10,947 for one-parent, one-earner families, and \$21,989 for two-parent, two-earner families. Even more pronounced was the difference in percent of expenditures spent for child care by families of school age children--8 percent of expenses for one-parent, one-earner, compared with 4 percent for two-parent, two-earner families.

⁴To determine what factors were related to child care expenditures, a multiple regression was conducted, yielding a .18 R-Square. The expenditures were categorized as zero, less than \$180, and more than \$180. Significant predictors of child care expenditures are presented in decreasing order of importance in the text.

In households with the youngest child less than 5 years old, 58 percent of two-parent, two-earner families and 49 percent of one-parent, one-earner families paid for child care. This may indicate that young children of single parents are more likely than those of two parents to be cared for in a noncash arrangement, perhaps by a grandparent, other relative, or friend. However, of those one-parent, one-earner families with child care costs, expenses for day care (separate from babysitting) were higher than for two-parent, two-earner families, \$32 compared with \$22.

Comparison to other budget categories. For families with child care costs, the percentage of total expenditures spent for child care was 5 percent for families with a preschooler and 4 percent for those with the youngest child in school. This is similar to the budget share for clothing or health care. The average share for families in both

age groups of this sample was 6 percent of total expenditures for apparel and 4 percent for out-of-pocket health care costs.

Comparison of 1981 CES data to other data on child care expenditures. Dollar costs are not available in the CPS for families with preschool children. However, 55 percent⁵ of these families with an employed mother and the youngest child less than 5 years old made a cash payment. In the CES, expenditures were reported by 57 percent of families in which all parents were earners and the youngest child was less than 5 years old.

To compare the CES data and PSID data, CES computations were made for families with a child less than 12 years and all

⁵The 55 percent was calculated by including families whose principal caretaker was a parent, whereas percentages in table 1 omit these families.

Table 2. *Child care expenditures, 1981*¹

Classification	Percent of families with child care expenditures	Families with child care expenditures	
		Weekly dollar amount	Percent of total expenditures
Families with youngest child less than 5 years old	46	\$19	5
2 parents, 2 parent earners ²	58	23	6
2 parents, 1 or no parent earners	37	12	2
1 parent, 1 parent earner	49	26	10
1 parent, no parent earner	7	4	2
All parents earn ³	57	23	7
Not all parents earn	33	11	2
Families with youngest child 5 years or older and less than 12 years	20	15	4
2 parents, 2 parent earners	24	15	4
2 parents, 1 or no parent earners	13	7	2
1 parent, 1 parent earner	26	22	8
1 parent, no parent earner	4	8	3
All parents earn	24	17	5
Not all parents earn	11	7	2

¹Data from Public Use Tapes, Consumer Expenditure Survey: Interview Survey, 1980-81, Bureau of Labor Statistics, U.S. Department of Labor.

²Within each age group, expenditures by the number of parents and number of parent earners are shown.

³A second classification of the same families is included. The category "all parents earn" includes 2-parent, 2-earner and 1-parent, 1-earner families. The remaining families are in the category "not all parents earn."

parents earning, that is, a working wife or unmarried working parent. Forty percent of the CES respondents had some child care expenses, compared with 47 percent of the PSID sample. The average cost of all-earner CES families with expenditures for child care was \$21, and the modal cost category (reported by 26 percent of the families) for the PSID was \$20 to \$37.

Child care expenditures for school age children were reported by 20 percent of the families in the CES, compared with 17 percent in the Virginia sample and 15 percent in the Minnesota sample. The average weekly cost of those reporting expenditures in the CES was \$15. The modal category for each State was \$1 to \$20.

A comparison of CES data with the IRS tax credits is complicated by several factors. Families with children less than 15 years old were eligible for the tax credit. The expenditure estimate of \$25 per week for child care assumed that the credit represented 20 percent of the cost and that the family did not incur expenses over the maximum of \$2,000 per child. Also, persons who were willing to complete special forms may have had higher than average child care costs, and the incomes of these families were higher--64 percent of those claiming the credit in 1981 had incomes above the median level (8).

Evaluating Measures of Child Care Costs

Expenditures for child care from the CES data reported in this paper are similar to those from other studies that were discussed here. The reported expenditures, however, are substantially less than fees associated with center care or day care homes. The difference is due primarily to the large number of families who care for their children with an assortment of arrangements that include parental care, self-care, and many noncash or low-cost agreements with family members or others.

The CES reports only out-of-pocket expenditures for child care. It does not record the cost of parental care in terms of opportunities for employment, advancement, or other income-producing activities that are forfeited in order to provide time and

opportunity to care for children. Nor does the CES measure costs to the family or society that may be associated with self-care, sibling care, or inexpensive, but ill-qualified, caretakers. If these costs could be included, the cost of child care would be much higher than that reported as expenditures.

REFERENCES

1. Applied Management Sciences, Inc. 1983. School-Age Day Care Study--Executive Summary. G-187. Contract No. 105-81-C-011. Prepared for Administration for Children, Youth and Families, U.S. Department of Health and Human Services.
2. Hayghe, Howard. 1984. Research Summaries: Working mothers reach record number in 1984. Monthly Labor Review 107(12):31-34. U.S. Department of Labor, Bureau of Labor Statistics.
3. Hofferth, Sandra L., and Deborah Phillips. 1986. Working Mothers and the Care of Their Children: 1970 to 1995. National Institute of Child Health and Human Development, U.S. Department of Health and Human Resources; and National Association for the Education of Young Children.
4. Morgan, James N. 1981. Child care when parents are employed. In Martha S. Hill, Daniel H. Hill, and James N. Morgan, editors. Five Thousand American Families--Patterns of Economic Progress, Vol. IX, Analyses of the First Twelve Years of the Panel Study of Income Dynamics.
5. U.S. Department of Commerce, Bureau of the Census. 1983. Child Care Arrangements of Working Mothers: June 1982. Current Population Reports. Special Studies, Series P-23, No. 129.
6. _____. 1985. Statistical Abstract of the United States: 1986. 106th ed.
7. U.S. Department of Labor, Bureau of Labor Statistics. 1985. Consumer Expenditure Survey: Interview Survey, 1980-81. Bulletin 2225.
8. U.S. House of Representatives, 98th Cong., 2d sess., Select Committee on Children, Youth, and Families. 1985. Families and Child Care: Improving the Options. Report No. 98-1180.

Mothers' Labor Force Activity¹

Mothers today typically do not wait to see their youngest child off to school before entering or reentering the work force. In 1985, nearly 60 percent of all children under 18 had mothers in the labor force, compared with less than 50 percent in 1975. Over the decade, the number of children involved rose by 5.8 million to 33.5 million. Slightly more than one-half of this increase occurred among children under age 6.

One-half of all mothers of children under 3 and 60 percent of those with youngest child between the ages of 3 and 5 were in the labor force in 1985. Overall, 62 percent of women with children under age 18 were in the work force. Comparable figures for mothers in the labor force in 1975 were 34 percent with children under 3, 45 percent with children between 3 and 5 (none younger), and 47 percent with children under 18.

The majority of employed mothers work full time (35 hours a week or more). Sixty-seven percent of employed mothers with children under 3 years worked full time in 1985; comparable figures were 70 percent and 73 percent for mothers whose youngest child was 3 to 5 years and 6 to 17 years old, respectively.

Overall, black mothers had a slightly higher labor force participation rate (64 pct) than white mothers (62 pct) in 1985. This difference between races has decreased since 1975, when the participation rate for black mothers was 56 percent and that for white mothers, 46 percent. In 1985, although labor force participation rates were about the same for black and white mothers whose youngest child was between 6 and 17 years old (71 pct and 70 pct), there was a 5-percentage-point difference between black women and white women with children under age 6 (58 and 53 pct).

¹Data derived from information collected each March in the Current Population Survey, a monthly household survey conducted for the Bureau of Labor Statistics by the U.S. Bureau of the Census, and related to the employment status of the noninstitutional population 16 years and over.

New Data Series

A newly expanded series of statistics from the U.S. Bureau of Labor Statistics provides information on labor force participation rates of mothers of young children. Labor force participation rates were previously disaggregated by the age group of the youngest child of the working mother; however, now they are also disaggregated by the single year of age of the youngest child.

Married mothers of infants age 1 or younger were more likely to be in the labor force in 1985 than single-parent mothers were. Rates were about the same for married and single-parent mothers with children ages 2, 3, and 4. When the youngest child's age was 5 or older, however, single-parent mothers had a higher labor force participation rate than married mothers; disparity was greatest for mothers whose youngest child was 16 or 17 years old (see table). Also, single-parent mothers were more likely than married mothers to work full time (82 and 68 pct).

A comparison of wives' labor force participation rates in 1970, 1975, 1980, and 1985 by single year of age of youngest child indicate that rates grew fastest among mothers of infants and very young children. Mothers of infants age 1 and younger, for example, doubled their labor force participation in the 15-year span. There was a 77-percent increase in labor force participation among mothers with youngest child age 2, and a 60-percent increase among mothers whose youngest was 3. In general, rates increased faster between 1975 and 1980 than during other 5-year intervals.

Families with children are becoming more dependent on a mother's earnings. By using the single year of the youngest child's age, researchers will be better able to monitor changing labor force trends, interpret changing family economic structures, and project demand for family services such as child care.

Sources: Hayghe, Howard, 1986, Research Summaries--Rise in mothers' labor force activity includes those with infants, Monthly Labor Review 109(2)43-45; U.S. Department of Labor, Bureau of Labor Statistics, 1985, Labor force activity of mothers of young children continues at record pace, News, USDL Publication No. 85-381.

Labor force status of wives and women maintaining families, by presence and age of youngest child, March 1985

Presence and age of child (years) ¹	Civilian noninstitutional population (in thousands)		Labor force participation rate	
	Wives	Women maintaining families	Wives	Women maintaining families
Total	50,395	10,524	54.3	61.0
No children under 18 ²	26,170	4,179	48.2	50.7
With children under 18	24,225	6,345	61.0	67.8
Under 6	11,728	2,390	53.7	53.2
Under 3	7,306	1,146	50.7	44.5
1 and under	5,185	728	49.4	38.0
2	2,121	418	54.0	55.7
3 to 5	4,422	1,244	58.6	61.2
3	1,728	423	55.1	54.8
4	1,433	380	59.7	61.8
5	1,261	441	62.1	66.7
6 to 17	12,498	3,955	67.8	76.6
6 to 13	8,387	2,609	68.1	75.7
6	1,165	358	64.5	76.0
7	1,147	339	67.3	75.5
8	995	295	69.2	69.8
9	1,003	312	66.2	78.8
10	1,008	328	68.2	79.6
11	959	303	69.2	72.9
12	1,031	351	71.4	75.5
13	1,079	323	69.5	76.8
14 to 17	4,111	1,346	67.0	78.5
14	1,137	374	70.3	78.6
15	1,115	328	67.9	73.5
16	949	302	64.2	81.1
17	910	342	64.9	80.7

¹ Children are defined as "own" children of householder and include never-married sons, daughters, stepchildren, and adopted children. Excluded are other related children such as nieces, nephews, or grandchildren, and unrelated children.

² May include children 18 years or over and/or other persons related by blood, marriage, or adoption.

Note: Due to rounding, sums of individual items may not equal totals.

Source: Hayghe, Howard, 1986, Research Summaries--Rise in mothers' labor force activity includes those with infants, Monthly Labor Review 109(2)43-45.

Earnings of Married-Couple Families

The working wife has become an integral feature of the U.S. economy and an important factor in determining the economic level of the family. Both husband and wife had earnings in nearly two-thirds (63 percent) of the 42.2 million married-couple families with at least one spouse employed during 1983. The mean earnings of those dual-earner couples was \$32,468, and \$39,390 if both spouses worked year round, full time. Annual earnings averaged \$24,230 if only the husband was an earner.

These data were obtained in the March 1984 Current Population Survey and are presented in a new U.S. Bureau of the Census report. Earnings data for 1983 are included for husbands and wives, both individually and as married couples, classified by each spouse's annual work experience, age, occupation, and education; and by presence and age of children. Some comparisons of 1983 with 1981 earnings of husbands and wives (as individuals only) also are presented.

Wives had mean earnings of \$10,164 in 1983, 7.9 percent higher in constant dollars than the 1981 level. The difference was significant at the 95 percent level of confidence. The 1983 mean earnings of husbands (\$22,980) did not differ significantly from the 1981 level, however.

The ratio of mean earnings of all working wives to those of all working husbands increased from 41 percent in 1981 to 44 percent in 1983 (see box). For year-round, full-time workers, the ratio increased from 55 percent in 1981 to 57 percent in 1983. When only households in which both spouses had earnings in 1983 were included, wives' earnings averaged 46 percent of husbands'; and 64 percent when both were employed year round, full time.

In interpreting these data, it should be noted that the report covers 1983, a year of economic recovery following the recession that ended in the latter part of 1982. That situation may have had some effect on the relationship between earnings levels of husbands and wives. The data should not be used to examine issues such as possible sex discrimination and differences in the monetary gains from education. Such analyses should be based on the experience of all earners (of which husbands and wives are only a subset) and on more detailed data from persons with similar educational backgrounds, degrees, specific occupations, and previous lifetime work experience.

Approximately 4.8 million wives had earnings that exceeded those of their husbands in 1983. This number represents about 18 percent of the 26.1 million married couples in which both spouses were earners. In addition, about 8 percent of wives had earnings from 80 to 100 percent of their husband's. Wives earning more than their husbands were more likely than other earning wives to be working year round, full time; to have no minor children at home; to have completed college; and to work in a professional specialty or executive, administrative, or managerial occupation.

The 1983 mean earnings of husbands and of wives by selected characteristics of earner and by presence and age of children are presented in the table on page 11.

Source: U.S. Department of Commerce, Bureau of the Census, 1986, Earnings in 1983 of Married-Couple Families, by Characteristics of Husbands and Wives, Current Population Reports, Series P-60, No. 153.

Mean earnings of husbands and wives, by selected characteristics, 1983

Characteristic	Husbands	Wives
Total, 15 years and over	\$22,980	\$10,164
Age (years)		
15-24	12,217	7,258
25-34	20,000	10,352
35-44	26,336	10,998
45-54	27,008	10,956
55-64	24,048	9,777
65 and over	11,932	4,948
Age of own children under 18 years		
No own children	22,167	11,088
1 or more own children	23,596	9,365
All under 6	20,461	9,192
Some under 6, some 6-17	22,329	8,150
All 6-17	25,760	9,877
Work experience		
Worked at full-time jobs	24,138	12,900
50-52 weeks	26,532	15,041
49 weeks or less	13,673	7,423
Worked at part-time jobs	7,875	4,603
50-52 weeks	12,032	6,849
49 weeks or less	4,915	2,848
Years of school completed		
Less than 12	14,559	6,658
High school (4 years)	19,912	8,997
College:		
1-3	23,122	10,612
4	30,898	13,211
5 or more	37,142	17,760
Occupation of longest job		
Executive, administrators, and managerial ...	33,037	15,741
Professional specialty	32,592	14,384
Technical and related support	25,195	12,895
Sales workers	25,206	7,572
Administrative support, including clerical ...	21,153	10,504
Precision production, craft, and repair	20,034	10,138
Operators, fabricators, and laborers	17,079	8,610
Service workers	14,786	5,635
Farming, forestry, and fishing	10,023	2,230

Source: U.S. Department of Commerce, Bureau of the Census, 1986, Earnings in 1983 of Married-Couple Families, by Characteristics of Husbands and Wives, Current Population Reports, Series P-60, No. 153.

Contributions and Gifts of Cash

By Kathleen K. Scholl
Consumer economist

Three of five households give gifts of cash to individuals outside the immediate family or make a contribution to a charitable, religious, educational, political, or other organization, according to analysis of 1981 data in the Consumer Expenditure Survey. Churches and other religious organizations receive gifts from two of five households; of all the recipient groups, religious organizations benefit from the highest contribution per household. Giving households have above-average family income and are homeowners or occupy rent-free housing.

Because cash contributions may be distributed throughout the year in numerous, often small amounts, the magnitude of familial giving is not readily apparent. The American Association of Fund Raising Counsel¹ estimates that \$55 billion was given to charitable organizations in 1981. Living individuals contributed \$46 billion, and the remainder was donated through bequests from estates, corporations, and foundations.

Families choose whether or not to share their financial resources with others. In deciding to become a benefactor, a family must consider how much to give and identify recipients who carry out a desirable societal function that the family seeks to promote. Discretionary allocations may not be a conscious implementation of the family's values, however. When asked why they gave to a certain charity, most of the respondents in two national surveys of 1973 philanthropic gifts (1), were unable to provide a spontaneous answer. Apparently, many do not question or think about their own charitable motives. Most givers, however, approved of the organization's goals, thought the organization needed the money, or felt obligated to give a contribution. A sense of belonging motivated many of the religious gifts. The receipt of a benefit from the charity, such as a family member receiving a blood transfusion, was another

cited motive. Pressure or a quota was expressed as a motive for donations to combined appeals, such as a community chest drive.

Personal involvement with the charity can provide a motive to donate money. A correlation between gifts of money and the volunteering of time was found in the 1973 study of charitable contributions. Nearly one-fourth of the gifts of money were accompanied by donations of time. For another one-third of the monetary donations, the giver knew someone involved in running the organization.

The recent availability of information about familial giving of cash to organizations and individuals outside the immediate family permits an indepth examination of contributions. This article reports the mean dollar amounts given to others (levels of giving) by selected socioeconomic characteristics, levels of giving by certain recipient categories (such as gifts to educational organizations), and characteristics of households who give cash to others.

Levels of Giving by Household Characteristics

In 1981 gifts of cash to individuals outside the family and to organizations averaged 2 percent (\$353) of before-tax household income for all households, as calculated from the interview portion of the continuing Consumer Expenditure Survey (CES).² Survey respondents are asked in the fifth questionnaire to report the annual dollar amounts if anyone in the household³ had made gifts of cash, bonds, or stocks to persons not in the household; or contributions to charitable, religious, educational, political, and other organizations. A total of 4,783 households were asked these questions in 1981 and form the basis of this analysis.

The amount given increases with household income (table 1). As in the 1973 study, however, those with low income give a larger proportion of their income than do those in high-income categories. For example, house-

²Data from Public Use Tapes, Consumer Expenditure Survey: Interview Survey, 1980-81, U.S. Department of Labor, Bureau of Labor Statistics.

³See footnote 2 in table 1, p. 13.)

¹Personal communication on July 8, 1986.

Table 1. Contributions and cash gifts, by selected socioeconomic characteristics of households, 1981¹

Household ² characteristic	Average income (dollars)	Average amount given (dollars)	Proportion of income given (percent)
All households ¹ (n = 4,783)	20,662	353	1.7
Household income (before taxes)			
Under \$5,000	2,680	111	4.1
\$5,000-\$9,999	7,346	218	3.0
\$10,000-\$14,999	12,268	239	1.9
\$15,000-\$19,999	17,391	324	1.9
\$20,000-\$24,999	22,286	311	1.4
\$25,000-\$29,999	27,307	295	1.1
\$30,000-\$39,999	34,085	574	1.7
\$40,000 and over ³	56,094	998	1.8
Incomplete income respondents ⁴ (n = 714) ..	--	285	--
Household composition			
Husband and wife only	23,570	518	2.2
Husband and wife with oldest child--			
Under 6 years	23,338	226	1.0
Over 5, but under 18 years	27,458	475	1.7
18 years and older	32,299	577	1.8
Single parent with child under 18 years old:			
Male parent	20,354	317	1.6
Female parent	10,511	81	0.8
Urbanization and region			
Rural	14,809	350	2.4
Urban	21,237	354	1.7
Northeast	20,675	288	1.4
Midwest	20,655	386	1.9
South	20,878	328	1.6
West	22,946	412	1.8
Housing tenure			
Homeowner:			
With a mortgage	28,804	454	1.6
Without a mortgage	19,552	545	2.8
Renter	13,598	137	1.0
Occupy without payment	12,764	217	1.7
Age of reference person ⁵ (years)			
21-29	17,495	132	0.8
30-39	24,484	269	1.1
40-49	28,204	490	1.7
50-59	25,904	491	1.9
60-69	18,251	479	2.6
70-79	12,150	509	4.2
80 years and older	12,153	378	3.1
Highest educational level of reference person			
Never went to school	9,452	77	0.8
Grade 1 through 8	11,857	201	1.7
Grade 9 through 11	14,671	194	1.3
High school graduate	21,635	290	1.3
Course work beyond high school	21,255	359	1.7
College graduate	28,005	665	2.4
Course work beyond bachelor's degree	29,969	677	2.3

¹ Data from Public Use Tapes, Consumer Expenditure Survey: Interview Survey, 1980-81, U.S. Department of Labor, Bureau of Labor Statistics. Only consumer units responding to the 5th questionnaire for 1981 are reported.

² The term "household" is used for convenience. The Consumer Expenditure Survey uses "consumer unit" to define a single person or group of persons in a sample household who are related by blood, marriage, adoption, or other legal arrangement, or who share responsibility for at least 2 of 3 major types of expenses.

³ Average income for this category reflects 115 cases that were topcoded at \$75,000. Amount given was not topcoded; therefore, this group probably gave less than 1.8 percent of their income.

⁴ A value for at least one of the major sources of family income was not provided.

⁵ Reference person is the first person named by the respondent as owning or renting the home.

holds with before-tax income of \$5,000 to \$9,999 give away 3 percent of their income, whereas those with \$20,000 to \$29,999 give 1 percent. Similar giving patterns also emerge for those who itemized deductions on their 1981 Federal income tax forms (2) (see box).

Interestingly, one- and two-earner households average the same level of giving (\$337 and \$339, respectively), indicating that the addition of a second paycheck does not increase discretionary giving to others. This is confirmed by the proportion of income that is given away--one-earner households give 2 percent, whereas two-earner households give 1 percent of their before-tax income.

The presence of young children in the household, especially under the age of 6, lowers the mean level of giving to others. Although average income is about the same for husband-and-wife-only households and couples with children under the age of 6, the level of giving drops by more than one-half for those with a young child. Single-parent households headed by a female give 1 percent of their income, compared with 2 percent given by those headed by a male. Adequacy of income to cover living expenses probably influences this difference; the income of a single-parent female averages only one-half the income of a single-parent male.⁴

⁴Level of income affects the ability to give. Levels of giving by socioeconomic characteristics described in this section are influenced by the household's income.

Location in a rural as compared with an urban area has no effect on the level of giving. Of the urban households, however, those in the West tend to give the most; those located in the Northeast give the least. Urban households located in the Northeast give away 1 percent of their income; urban households located in the other regions give 2 percent.

Households who own their homes tend to give more than average, and those without a mortgage give more than those who have mortgage expenses. Renters give less than average. As indicated in table 1, renters are constrained in their giving by a low average income. In addition, differences in levels of giving may be influenced, in part, by the age of the reference person.⁵ Homeowner reference persons who do not have a mortgage average 63 years in age--20 years older than those with a mortgage (43 years). Reference persons of renting households average 39 years of age.

Generally, age of the reference person is associated with the level of giving. Those 39 years of age and under give 1 percent of their before-tax income. Households with reference persons 40 years old and over average 2 percent or more of their income in gifts. Older households vary in the proportion of income they give to others. Households whose reference person is 60 to 69 years old give 3 percent of their income.

⁵Reference person is the first person named by the respondent as owning or renting the home.

CHARITABLE TAX DEDUCTIONS

Three of ten Federal income tax itemizers deducted a charitable contribution in 1981. Cash contribution deductions averaged about \$900 per return, or about 4 percent of adjusted gross income (AGI). A higher percentage of income was given by low-income itemizers than was given by high-income itemizers. For example, those with AGI of \$5,000 to \$9,999 had cash contributions that averaged about 8 percent, whereas those with AGI of \$20,000 to \$24,999 gave away 3 percent of their AGI.

Since only one-third of 1981 Federal income tax returns included itemized deductions, these averages reflect the giving patterns of a limited group of U.S. taxpayers. Generally those with high incomes benefit from itemizing their deductions. This is illustrated by the number of filers who itemize a charitable cash contribution at various income levels--9 of 10 filers with AGI over \$50,000 itemize a cash contribution, compared with only 2 of 10 with AGI of \$10,000 to \$14,999.

This increases to 4 percent for 70- to 79-year-olds but drops to 3 percent for those 80 years and older. The differences by age suggest that retirement is an important factor in the giving of resources. Households with retired reference persons give more than average--\$406, or 3 percent of the retired household's income.

Other characteristics of the reference person influence the level of giving. The completion of college courses influences the level of giving more than any other educational achievement. Although the average amount of gifts nearly doubles with graduation from college (from \$359 to \$665), the proportion of income given does not increase.

Households with the reference person in managerial, professional specialty, technical, sales, and administrative support occupations give more than average. Households with reference persons employed in service, precision production, craft, repair, operator, fabricator, and laborer occupations give less than the mean level of contributions. Households with self-employed reference persons give above average in cash gifts to others.

Among the marital status categories, households with married reference persons have the highest level of giving (\$458) and give away 2 percent of their income. Households with reference persons who are widows or widowers give 3 percent of their income. Households with separated and never-married reference persons give 1 percent and average lesser amounts (\$140 and \$113).

Level of Giving for the Various Recipient Groups

Charitable groups and religious organizations receive cash gifts from 4 of 10 households, and educational and political causes receive contributions from 1 of 10 households (table 2), according to analysis of 1981 CES data. Individuals outside the immediate family receive gifts of stocks, bonds, or cash from 1 of 10 households.

An average of \$512 is given by the households who give to religious organizations (table 2). Of these households nearly one-third give to their religious affiliation only and do not contribute to other causes.

An average of \$147 is given by the households who give to charities, such as the Red Cross or United Fund. One-fourth of these households give to charities only. Households giving to charities and/or religious organizations are somewhat unlikely to give to other groups; only one-half of these households give to any other recipient group. In contrast, nearly all households who make a gift to an educational institution also give to another recipient group.

Nearly one-fourth of those who give to political organizations give \$1 or \$2. A contribution of this amount suggests that these households are reporting the Federal income tax check-off for the Presidential Election Campaign fund as a contribution. None of the other recipient groups have a similar proportion of small cash contributions.

Individuals outside the immediate family are another major cash recipient group; 14 percent of households make nonsupport gifts (excludes child support, alimony, and support for children away at college). The average size of these gifts (\$493 per giving household) and the frequency of occurrence in comparison with other contributions suggests that families directly redistribute income to persons they choose rather than use an intermediary organization for this purpose.

Table 2. Contributions and cash gifts, by recipient groups for giving households, 1981¹

Recipient groups	Giving households (percent of total)	Average amount given (dollars)
All giving households	60	592
Churches and other religious organizations	41	512
Charities, such as Red Cross and United Fund	39	147
Educational organizations	6	166
Political organizations.....	7	71
Other organizations.....	4	161
Gifts of stocks, bonds, and cash to individuals outside the family	14	493

¹Data from Public Use Tapes, Consumer Expenditure Survey: Interview Survey, 1980-81, U.S. Department of Labor, Bureau of Labor Statistics. Only consumer units responding to the 5th questionnaire for 1981 are reported.

Characteristics of Giving Households

Sixty percent of households give to others; 40 percent do not make contributions or give cash to anyone outside their household, according to analysis of 1981 CES data. A discriminant analysis was conducted to determine the characteristics that differentiate between the two groups.⁶ When the 21 variables were used collectively to predict whether or not a household is likely to give its financial resources, only income and housing tenure were found to discriminate between giving households and those who did not give.

A higher than average before-tax income identifies giving households; their income averages \$23,798, compared with \$14,747 for nongiving households. Families with below-average income apparently use most of their financial resources for their own consumption, whereas those with above-average income are more likely to have sufficient financial resources to meet their own consumption needs and to satisfy their charitable motivations. This finding seems to conflict with that concerning the household's proportion of income given to others by various income levels. The discriminant

⁶Twenty-one variables were tested with a forward stepwise discriminant analysis. The analysis revealed a significant multivariate Wilks' lambda ($\lambda = .86$) for a set of 12 variables. Examination of the standardized discriminant function coefficients indicated that the age of the reference person, level of before-tax income, and housing tenure were the most influential variables in determining group differences. The level of before-tax income and housing tenure loaded highly and contributed to the discriminant scores. Over two-thirds (68 pct) of the analysis group were correctly classified for the discriminant function. Cross validation resulted in two-thirds (66 pct) correctly classified.

analysis was used to identify characteristics of giving and nongiving households. The description of levels of giving for all households, both giving and nongiving, includes many household characteristics that do not discriminate between the two groups. The implication of the two findings regarding income is that a household must have sufficient income in order to give to others; however, those with low incomes tend to give away a larger proportion of their income than do those with high incomes.

Housing tenure influences the household's decision to give. Households who rent their housing tend not to give to others; households who own their homes or occupy rent-free housing, however, are likely to give their financial resources to others.

In summary, giving households are characterized by high incomes and are homeowners or occupy their housing without payment. Those not likely to give to others rent their homes and have low household incomes. This information will be useful to financial counselors in identifying benefactor families. The level of giving is affected by many household characteristics, such as presence of young children, and educational attainment and age of the reference person. This information can be helpful to counselors and educators in advising families on their level of giving.

REFERENCES

1. Morgan, James N., Richard F. Dye, and Judith H. Hybels. 1977. Results from two national surveys of philanthropic activity. In Department of the Treasury. Research Papers--Volume I: History, Trends, and Current Magnitudes, pp. 157-323. (Sponsored by The Commission on Private Philanthropy and Public Needs.)
2. Department of the Treasury, Internal Revenue Service. 1983. 1981 Individual Income Tax Returns. Publication 79 (8-83).

Planning for Tomorrow's Elderly¹

By Joyce Matthews Pitts
Home economist

The economic consequences of an aging population are the focus of growing concern and debate. From 1946 to 1964 there were more than 75 million births in the United States (12). This group, often referred to as the baby boom generation, will begin retiring in about 22 years. Many experts believe that serious problems will arise unless plans are implemented to fund the retirement of this large cohort of future elderly.

Americans for Generational Equity (AGE), a nonpartisan research and public education group based in Washington, DC, has focused national attention on this issue. In April 1986, AGE sponsored its First National Conference of Americans for Generational Equity, entitled, "Tomorrow's Elderly: Planning for the Baby Boom Generation's Retirement." Papers presented at this conference explain the views of those concerned with the future economic well-being of the elderly and the nonelderly. The following is a summation of the issues presented.

DEMOGRAPHICS AND ECONOMIC COMPARABILITY

The Nation is facing a grandparent explosion. Because of the baby boomers' large numbers, low-fertility rates, and unprecedented life expectancies, the 65-and-over population is expected to grow 4-1/2 times as fast as the rest of the population between now and the middle of the 21st century (12). At present there are about 5.9 million persons age 80 and over in the United States. It is projected that this group will total 17 million by 2030 and 26 million by 2050. The number of women 80 years of age and over could equal the number of women in each of the other age groups, and the

"great-grandma boom" will have arrived (12). These projections imply that the support ratio (the number of working persons per number of elderly persons) will change dramatically. Currently this ratio is 5 working persons for each elderly person; by 2030 this ratio is expected to be 2.5 to 1 (4).

The economic comparability of the aged and nonaged has become a central issue in debates on whether or not the Government should reduce or means test benefits to the elderly, either now or in the future. The economic well-being of today's elderly has greatly improved over recent years. Their poverty rate fell below the rate for children in 1974 and below that for the population as a whole in 1982 (11). When noncash transfer payments are taken into account, the poverty level for the elderly falls to about 4 percent (10). After taxes, the average per capita income of the elderly is 13 percent higher than for all Americans (11).

According to Levy and Michel (9), the economic status of young people has not improved as much as that of the elderly. Before 1973 the average man experienced a real earnings increase of about 110 percent between ages 25 and 35. After 1973 a comparable man received an earnings increase of only 16 percent. In 1984 less than 50 percent of typical young families, with the parents aged 25 to 34, and one child under age 12, owned their homes.

PROBLEMS OF AN AGING POPULATION: ECONOMIC CONCERNS

The Federal Deficit

Federal social insurance programs currently are the bases for financial security for the elderly. Social Security, medicare, and other services to the elderly represent a large part of the Government's fiscal responsibility. About one-fourth of total Government spending is used to support these programs (7). In the future there may be a conflict between the growing needs of the

¹Issues discussed throughout this report represent the opinions of individuals who presented papers at the First National Conference of Americans for Generational Equity. Citations refer to conference papers, not to sources used by presentors in support of these opinions.

elderly population and a Federal budget that cannot cover its current commitments. Lamm (8) points out that we are the world's largest debtor nation, owing more than Mexico, Brazil, and Argentina combined. By spending more than we make, we can live for a time beyond our means, thus avoiding the consequences of slow economic growth. According to Levy and Michel (9), ending the Federal deficit will likely require tax increases and budget cuts--painful choices and ones that could lower living standards for the short run.

Social Security Tax Increases

We depend on intergenerational income transfers to support Social Security. Taxes paid by today's workers are not invested for their future retirement, but are used to support today's retirees. Initially this required only a modest investment on the part of the worker. As late as 1965 the maximum annual Social Security tax was only \$348 for both the employer and employee (6). Recently, however, payroll taxes have risen faster than other tax obligations. The maximum annual Social Security tax is now over \$6,000; by the end of the decade it is expected to be almost \$8,000. Some projections estimate that a future tax of more than 40 percent could be required to support Federal retirement programs (Social Security, medicare, and others) under currently legislated benefit levels (4).

Most of today's elderly will receive more in Social Security benefits than they paid into the program. This will not be true for today's young workers, however. Even if they draw all the benefits provided under current law, baby boomers will still receive low, and in some cases negative, returns on the taxes that they have paid into the system. Ferrara (6) states that workers would be better off if they could privately invest what they and their employer currently contribute to Social Security. He estimates that at a 6-percent real return workers would receive 3 to 6 times the retirement benefit promised by Social Security. Meanwhile, Lamm (8) says that there is growing concern that Social Security and medicare take money from some who are almost poor to pay some who are rich.

Ferrara (6) further states that the Social Security program does not pay equal returns to all workers. In particular, it pays lower returns to two-earner couples, childless couples, and single workers. Social Security and medicare also tend to discriminate against minorities and others who have low life expectancies. Goodman (7) notes that raising the retirement age under Social Security and the eligibility age under medicare (often suggested as possible solutions to the financial problems of these programs) would intensify the effects of this discrimination. Minorities, for example, are overrepresented among taxpayers (14.4 percent) and underrepresented among medicare beneficiaries (8.6 percent).

Medicare's Financial Crisis

The elderly depend on medicare and medicare for about 64 percent of their health costs (5). Rising medical costs may cause massive cuts in future medicare benefits, however. The U.S. Department of Health and Human Services estimates that the average man who retired last year can expect to receive about \$28,255 in medicare benefits after having paid only \$2,640 in medicare taxes (7). This contributes to the financial crisis that medicare is experiencing. Etheredge (5) predicts that the hospital insurance trust fund will be bankrupt by 1991 and will incur a \$1 trillion deficit by 2005.

The need for long-term health care financing will rise rapidly with the increasing numbers of the most dependent elderly--those over age 85. The nursing home population is expected to double between 1980 and 2010, and double again by 2050 (5). Very few insurance companies provide coverage for such long-term care. Nursing home costs now average about \$14,000 per year. Few elderly are able to sustain such costs for very long; therefore, more than one-half of all long-term care is publicly financed. Future demographic trends may strain the ability of public programs to maintain current levels of assistance, however. The United States spends eight times more on health care than any of its industrial competitor nations, but the mortality and morbidity statistics are the same (8). Extended life expectancies will require innovative and economical approaches to quality health care.

PROPOSED SOLUTIONS TO PROBLEMS CAUSED BY AN AGING POPULATION

Continue Social Insurance

Some experts believe that with only modest economic growth, currently legislated taxes are sufficient to pay Social Security benefits for the next 75 years (1). Even with poor growth they foresee surpluses that will accumulate over the next 25 years, allowing ample time to respond to shrinking funds with higher taxes or lower benefits if the need arises. These experts feel that Social Security will continue to play an important role in contributing to the support of future elderly generations. Most agree, however, that members of the baby boom generation need to have additional sources of retirement income.

Increase Private Pension Use

Private pensions currently provide only 14 percent of retirement benefits (5). Efforts to encourage greater use of private pensions to supplement Social Security have not been very successful; only about one-half of all workers are employed by a firm that offers a pension plan. One-half of workers who have private pension plans are not fully vested;² therefore, only one-fourth of all workers are now entitled to a private pension upon retirement. Pension reforms would make more people eligible to receive benefits. A first step could shorten requirements for vesting. Currently almost 90 percent of private pensions require 10 years of service before vesting occurs (3). Private pensions also need to be portable.³ American workers change jobs, on the average, six or seven times during their careers. A worker who

²The term "vested" refers to the right of an employee to receive earned pension benefits even if employment under the plan is terminated before retirement. The employee's contributions to the plan are always refundable upon termination of employment, whether employee is vested or not.

³The term "portable" refers to an employee's right to carry earned pension benefits to a different job or employer.

changes jobs just once reduces the value of his or her pension by 28 percent (2). Pensions tied to the person and not the job would allow workers to change jobs, or leave and re-enter the labor force without losing or reducing their accrued pension benefits. A private, central, federally managed pension fund has been proposed that would be available to all workers, be completely portable, and allow immediate vesting (2).⁵

Expand Individual Retirement Accounts (IRA's)

About one-fifth of American households have IRA investments (13). Twelve percent of householders age 25 to 34, and 22 percent of those age 35 to 44 have IRA's or Keogh accounts (12). These accounts represent a small percentage of the net worth of these groups, however.

A Super IRA has been proposed that would allow workers to contribute additional amounts to their retirement investments (6). A 100-percent income tax credit would be allowed to the extent that they forego future Social Security benefits and rely on their Super IRA for their retirement income. Workers would still be required to contribute to Social Security, however, so that benefits to today's elderly would not be affected.

One organization has proposed privatizing medicare through Medical IRA's (MIRA's) (7). This plan would allow individuals to make annual contributions into a MIRA. Accumulated funds would enable retirees to pay for their own medical expenses and to purchase private health insurance for retirement.

Reevaluate Insurance Uses

Currently about 69 percent of elderly males and 57 percent of elderly females own life insurance (13). The importance of life insurance in the attainment of financial security for future elderly is expected to increase. Life insurance cash values can be used for retirement income. Alternatively, coverage could be maintained to help support a surviving spouse after the death of the insured.

⁵For additional information on pensions, see "Pensions" by Frankie N. Schwenk on pp. 8-13 of the Spring 1981 issue of Family Economics Review.

There is also a great need for private health insurance during retirement. A few companies are beginning to offer some health care coverage for the elderly. Major policy reforms involving the entire system of health care financing and the delivery of health care services for all Americans may be required.

IMPLICATIONS FOR THE BABY BOOM GENERATION

The Nation has many problems that could affect the ability of future generations to cope with the added strain of a large elderly population. Concerns such as the large national debt, a trend of downward economic mobility for young adults and children, declining quality education for today's children, and low savings rates are all competing for attention. Choices will have to be made. In the past these choices have favored the elderly. Some experts believe that in the future more consideration and support may have to be given in areas that improve the status of the young.

The baby boom generation must plan for added years in retirement, taking into consideration that paying for Social Security and other public retirement programs will be imposing a heavy financial burden on the much smaller, working generation that follows. It is generally agreed that their future retirement will be best financed by a three-tiered approach--strong social insurance, substantial personal savings, and portable private pensions.

REFERENCES

1. Aaron, Henry. 1986. Accommodating Social Security to the Retirement of the Baby Boom Generation. Pre-Conference Working Paper. First National Conference of Americans for Generational Equity. [Washington, DC, April 1986.]
2. Choate, Pat. 1986. Portable Personal Pensions. Pre-Conference Working Paper. First National Conference of Americans for Generational Equity. [Washington, DC, April 1986.]
3. _____. 1986. Remarks made at the First National Conference of Americans for Generational Equity. [Washington, DC, April 1986.]
4. Durenberger, Dave. 1986. Statement of Senator Dave Durenberger. Remarks made at Press Conference of the First National Conference of Americans for Generational Equity. [Washington, DC, April 1986.]
5. Etheredge, Lynn. 1984. An aging society and the Federal deficit. Health and Society 65(4):521-543.
6. Ferrara, Peter J. 1986. Social Security and Super IRA's: A Populist Proposal. Pre-Conference Working Paper. First National Conference of Americans for Generational Equity. [Washington, DC, April 1986.]
7. Goodman, John C. 1986. Privatizing Medicare Through Medical IRAs. Pre-Conference Working Paper. First National Conference of Americans for Generational Equity. [Washington, DC, April 1986.]
8. Lamm, Richard D. 1986. Confessions of a Prodigal Parent. Conference Keynote Address. First National Conference of Americans for Generational Equity. [Washington, DC, April 1986.]
9. Levy, Frank S., and Richard C. Michel. 1986. The Economic Future of the Baby Boom. Pre-Conference Working Paper. First National Conference of Americans for Generational Equity. [Washington, DC, April 1986.]
10. Preston, Samuel H. 1984. Children and the elderly in the U.S. Scientific American 251(6):44-49.
11. Russell, Cheryl. 1985. Let's bust this myth. Editor's Note. American Demographics 7(18):9.
12. Taeuber, Cynthia M. 1986. Age Structure of the U.S. Population in the 21st Century. Pre-Conference Working Paper. First National Conference of Americans for Generational Equity. [Washington, DC, April 1986.]
13. Vatter, Robert H. 1986. The Role of Insurance and Pensions in Providing for the Baby Boom Generation's Retirement. Pre-Conference Working Paper. First National Conference of Americans for Generational Equity. [Washington, DC, April 1986.]

Agricultural Outlook '87 Program — Outlook for Families

The Agricultural Outlook Conference will be held from December 2 to 4, 1986, in Washington, DC. To obtain additional information about this free Conference or to register in advance, write: Outlook

Conference, Room 5143 South Building, USDA, Washington, DC 20250, or call 202-447-6050. To obtain Conference materials and identification badge, participants are directed to the Patio in USDA's Administration Building at 12th Street and Independence Avenue.

On Wednesday, December 3, several sessions will be of interest to consumers and professionals working with families:

8:30-9:30	COTTON OUTLOOK International Textile Trade: The Consumer's Stake Rachel Dardis, University of Maryland
10:15-11:15	USDA MONITORS THE AMERICAN DIET First Report From the Monitoring Committee Susan O. Welsh, HNIS, USDA USDA's Continuing Survey Suzanne S. Harris, Deputy Assistant Secretary, USDA Diets of the Elderly Robert B. McGandy, Tufts University Methods Make a Difference Frances A. Larkin, University of Michigan
12:30-2:30	ECONOMIC OUTLOOK FOR SELECTED FAMILY TYPES Economic and Social Concerns of Dual-Earner Families Theodora Ooms and Sandra Hanson, The Catholic University of America Economic and Social Concerns of Single-Parent Families (to be announced) Trends in Income for the Young and Elderly Paul Ryscavage, Bureau of the Census
3:30-4:30	OUTLOOK FOR FOOD PRICES The Impact of Imports on Food Prices Jean Kinsey, University of Minnesota

Housing Assistance Program Participation

In July 1984 the chairman of the House Subcommittee on Housing and Community Development (House Committee on Banking, Finance, and Urban Affairs) requested a General Accounting Office (GAO) examination of low-income housing-assistance payment programs. This request was made in anticipation of hearings to be conducted on low-income housing legislation.¹ The Subcommittee was particularly interested in

determining any demographic, socioeconomic, and geographic patterns in program participation, and in ascertaining the effects of the programs on the availability and affordability of low-income housing. The report was undertaken in response to the chairman's request.

GAO selected to review two housing programs that represent the most relevant housing allowance experiences to date. Both programs supply allowance payments to help participants pay the rent for housing units they locate for themselves in the private housing market. The first, the **Experimental Housing Allowance Program (EHAP)**, a voucher program conducted in 12 locations between 1973 and 1983, assessed the feasibility, usefulness, and effects of housing allowances. EHAP included a subexperiment called the Housing Allowance Demand

¹The Subcommittee on Housing and Community Development conducted hearings on low-income housing in February and March of 1985, resulting in The Housing Act of 1985 (H.R. 1), which was pending before the Senate when this issue went to press.

Experiment (HADE), which involved 3,400 households in Phoenix and Pittsburgh in 1973-76. The primary purpose of HADE was to provide estimates of participant responses to a range of program elements such as the amount of the payment, the way in which it was determined, and whether housing standards were to be met before payment. The second program, the **Section 8 Existing Housing Program**, with a similar allowance-like approach, is the largest ongoing low-income housing program. It was established in 1974, and helps low-income families by supplementing their rent with payments given directly to their landlords. The payments equal the difference between about 25 percent of a household's income and its rent, up to a fair market rent for local geographic areas. (For comparison of physical requirements of HADE and the Section 8 Existing Program, see table.)

The GAO report answers three main questions concerning these housing programs: (1) What are the program participation rates and demographic profiles? (2) What are the effects of the programs on the participants? and (3) What are the effects of the programs on the low-income housing market?

Program eligibility is determined by household income level. The size of the eligible population has usually been estimated from census data or from the American Housing Survey (a survey designed by the U.S. Department of Housing and Urban Development and carried out by the U.S. Department of Commerce's Bureau of the Census). Overall participation rates in the programs, measuring households who met program requirements and actually received a program payment, range from 33 percent to 86 percent depending on site location. The study found different rates of participation among demographic groups. Households headed by women, and very poor and welfare households have high participation rates, but large households have moderately low participation rates, relative to their eligibility.

Under these housing programs, housing quality is assured because recipients have to meet minimum housing standards in order to receive payments. Housing and public health associations have developed minimum guidelines for safe, decent housing; program enrollees are required to reside in units

that pass these fixed guidelines before receiving allowances. Minimum housing quality is defined in terms of housing occupancy (or crowding) and its physical condition. For example, there must be one sleeping room or living and sleeping room for every two persons; and there must be complete kitchen facilities, complete bathroom plumbing, light fixtures in the bathroom and kitchen areas, electrical service, adequate fire exits, and acceptable heating equipment. Standards are enforced by means of annual inspections, which may encourage the maintenance of units that might otherwise be allowed to deteriorate.

Forty percent of participants qualified for the programs without notably changing the quality of their housing; therefore, the programs do not notably improve the quality of housing for all households. Of the 60 percent who did not qualify, one-third notably upgraded their living units and two-thirds moved to new housing. Those households who moved in order to qualify for the programs experienced the greatest rent increases. Rent burden (defined as the ratio of the cost of rent, with utilities, to gross income) of program enrollees, however, was lowered from about 40 percent to about 25 percent.

There is no evidence to suggest that housing costs increase significantly in areas where full-scale housing allowances are introduced. Observed price increases were found to result from normal economic inflation rather than the allowance program. Available data also indicate that market supply of low-income housing is unresponsive to housing allowances.

Since 1975 there has been a trend toward using existing housing or moderately rehabilitating it rather than using new construction. Congress authorized a voucher demonstration program, which began in April 1985, under the Housing and Urban Rural Recovery Act of 1983. This act emphasizes the use of existing housing stock and terminates new construction.

Source: U.S. General Accounting Office, 1986, Housing Allowances--An Assessment of Program Participation and Effects, GAO/PEMD-86-3.

The physical components of housing requirements in HADE¹ and Section 8 Existing Housing Program

HADE	Section 8 Existing
Basic services	
Core rooms	
Living room, bathroom, and kitchen; maximum of 2 persons per "adequate" bedroom	<u>Living room, bathroom, kitchen area, and at least 1 sleeping or living and sleeping room of appropriate size for every 2 persons</u>
Complete plumbing	
Private toilet facilities and a washbasin and shower or tub with hot and cold running water, all in working condition	<u>A flush toilet in a separate, private room and a fixed basin and shower or tub with hot and cold running water, all in proper operating condition and using an approved public or private disposal system</u>
Complete kitchen facilities	
A cooking stove or range, refrigerator, and sink with hot and cold running water, all in working condition	<u>A cooking stove or range, refrigerator of appropriate size (supplied by owner or family), and sink with hot and cold running water, all in proper operating condition</u>
Light fixtures	
<u>A working ceiling or wall fixture in the bathroom and kitchen</u>	<u>A working ceiling or wall fixture in the bathroom and kitchen area</u>
Electrical service	
At least 1 operable electric outlet in the living room and kitchen; working wall switch, pull-chain light switch, or additional electric outlet in the living room	<u>At least 2 operable electric outlets, 1 of which may be an overhead light, in the living room, kitchen area, and each bedroom</u>
Safety	
Adequate fire exits	
In multifamily buildings, at least 2 exits from each dwelling unit to safe and open space at ground level	<u>An alternative means of egress from the building, such as fire stairs or windows; each dwelling unit maintainable without unauthorized use of other private property</u>
Acceptable heating equipment	
Dwelling units that have no heating equipment and are heated with unvented room heaters burning gas, oil, or kerosene or mainly with portable electric room heaters are unacceptable	<u>In each dwelling unit, safe heating and cooling facilities in proper operating condition that provide adequate heat and cooling to each room, appropriate for the climate, to ensure a healthy living environment; unvented room heaters burning gas, oil, or kerosene are unacceptable</u>
Structures and surfaces	
Room structure and surface	
Ceilings and walls for all rooms must not have severe bulging, leaning, loose material, large holes, or severe damage requiring replacement	<u>Ceilings and walls must not have serious defects such as severe bulging, leaning, or buckling, large holes, loose materials, missing parts, or other serious damage; the dwelling unit must comply with HUD lead-based paint regulations</u>
Floor structure and surface	
Floor structure and surface for all rooms must not require replacement	<u>Floors must not have serious defects, severe buckling, or noticeable movement under walking stress</u>
Roof structure	
<u>Visible roof structure must be firm</u>	<u>Roof must be firm and weather tight</u>
Exterior structure and surface	
Exterior walls must not require replacement	<u>Exterior walls must not have serious leaning, buckling, sagging, cracks, holes, or loose siding or other serious damage; condition and equipment of exterior and interior stairways, halls, porches, and walkways must not present a danger of falling or tripping; elevators must be maintained, safe, and operable; for mobile homes, the device that distributes and transfers the load to appropriate ground anchors must resist sliding and overturning in wind</u>
Other	
Ceiling height	
For living room, bathroom, and kitchen, 7 feet or higher in at least half the room area	
Light and ventilation	
The dwelling unit must have a 10% dwelling ratio of window to floor area and at least 1 openable window in living room, bathroom, and kitchen or adequate working mechanical ventilation in kitchen and bathroom	<u>The dwelling unit must have adequate circulation throughout and be free from dangerous levels of carbon monoxide, sewer gas, fuel gas, dust, and other harmful air pollutants; bathroom must have at least openable window or other adequate exhaust ventilation</u>

¹ Housing Allowance Demand Experiment, a subexperiment of the Experimental Housing Allowance Program.

Source: U.S. General Accounting Office, 1986, Housing Allowances--An Assessment of Program Participation and Effects, GAO/PEMD-86-3.

New York Family Budget Costs — Annual Price Survey, 1985

The Community Council of Greater New York has published its 22d edition of the Annual Price Survey--Family Budget Costs, the first update since 1982. The survey makes available current data on budget costs for families living at a moderate level in New York City and reflects costs and prices during October 1985. The survey updates the cost of the council's Family Budget Standard (revised in July 1982),¹ which describes the quantities of goods and services required by families of moderate income, taking into account the age, sex, and employment status of each family member, as well as family size.

Changes in family lifestyles during the eighties are reflected in the new survey budgets. Compared to previous surveys, there is a larger representation of more-than-one-wage-earner families. These include an employed couple under age 54, an employed couple with a girl age 7, and an employed

¹For more information on the revised standard, see "New York City Family Budget Standard," Family Economics Review, 1983 No. 2, p. 25.

couple with an employed son age 22. In addition to more families with working wives, a growing number of adult, employed children are living with their parents. In 1985, 60 percent of men and 48 percent of women aged 18 to 24 lived with their parents--up from 55 percent and 42 percent, respectively, in 1980.

According to the survey, a family of four² required \$24,535 annually for goods and services to live at a moderate level in the New York City area in October 1985, whereas the survey's retired couple required \$15,451 (see table). Housing remained the greatest expenditure in the budgets for both family types, requiring more than 32 percent of the index family's income and 39 percent of the retired couple's budget. Medical care, however, was the budget component that increased the most between 1981 and 1985.

The Annual Price Survey is available for \$10 from the Community Council of Greater New York, 275 Seventh Avenue, New York, NY 10001.

² The "index" family of four persons includes two adults, ages 35-54, one of whom is a wage-earner; and two children, a boy of 13 years and a girl of 8.

Annual budget costs for index family of 4 persons¹ and retired couple

[Prices as of October 1985, New York City, moderate level]

Item	4-person family		Retired couple	
	Dollars	Percent distribution	Dollars	Percent distribution
Food	7,074	28.8	3,706	24.0
Housing	7,968	32.5	5,971	38.6
Clothing and upkeep	2,418	9.9	847	5.5
Personal care	843	3.4	546	3.6
Medical care	2,413	9.8	2,348	15.2
Transportation	1,535	6.3	1,007	6.5
Other goods and services.....	2,284	9.3	1,026	6.6
Total	24,535	100.0	15,451	100.0

¹Index family includes 2 adults, ages 35-54; 1 of whom is a wage-earner, and 2 children, a boy 13 and a girl 8.

Source: Community Council of Greater New York, 1986, Annual Price Survey--Family Budget Costs, 22d ed.

Cost of Food at Home

Cost of food at home estimated for food plans at 4 cost levels, July 1986, U.S. average¹

Sex-age group	Cost for 1 week			Cost for 1 month		
	Thrifty plan	Low-cost plan	Moderate-cost plan	Liberal plan	Thrifty plan	Low-cost plan
FAMILIES						
Family of 2: ²						
20-50 years	\$37.90	\$48.00	\$59.40	\$73.50	\$164.70	\$207.70
51 years and over	35.90	46.00	56.90	68.20	155.70	199.30
Family of 4:						
Couple, 20-50 years and children--						
1-2 and 3-5 years	55.20	69.00	84.50	103.40	239.50	298.70
6-8 and 9-11 years	63.50	81.20	101.60	122.30	275.40	351.50
INDIVIDUALS³						
Child:						
1-2 years	9.90	12.10	14.10	16.90	43.10	52.30
3-5 years	10.80	13.30	16.40	19.70	46.70	57.60
6-8 years	13.30	17.60	22.00	25.70	57.50	76.20
9-11 years	15.70	20.00	25.60	29.80	68.20	86.50
Male:						
12-14 years	16.40	22.70	28.30	33.20	71.20	98.20
15-19 years	17.10	23.40	29.10	33.70	74.00	101.60
20-50 years	18.20	23.20	29.20	35.20	79.00	100.30
51 years and over	16.50	22.10	27.20	32.70	71.60	95.70
Female:						
12-19 years	16.30	19.60	23.80	28.70	70.50	84.90
20-50 years	16.30	20.40	24.80	31.60	70.70	88.50
51 years and over	16.10	19.70	24.50	29.30	69.90	85.50

¹ Assumes that food for all meals and snacks is purchased at the store and prepared at home. Estimates for the thrifty food plan were computed from quantities of foods published in *Family Economics Review*, 1984(1). Estimates for the other plans were computed from quantities of foods published in *Family Economics Review*, 1983(2). The costs of the food plans are estimated by updating prices paid by households surveyed in 1977-78 in USDA's Nationwide Food Consumption Survey. USDA updates these survey prices using information from the Bureau of Labor Statistics, *CPI Detailed Report*, table 3, to estimate the costs for the food plans.

² 10 percent added for family size adjustment. See footnote 3.

³ The costs given are for individuals in 4-person families. For individuals in other size families, the following adjustments are suggested: 1-person--add 20 percent; 2-person--add 10 percent; 3-person--add 5 percent; 5- or 6-person--subtract 5 percent; 7- or more-person--subtract 10 percent.

Some New USDA Publications

The following are for sale from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402, (202) 783-3238:

- The U.S. Farm Sector in the Mid-1980's. AER-548. May 1986. SN001-019-00441-0. \$2.50.
- Composition of Food: Beverages--Raw, Processed, Prepared. AH 8-14. May 1986. SN001-000-04468-1. \$9.50.
- 1985 Agricultural Chartbook. AH-652. December 1985. SN001-019-00428-2. \$3.50.
- 1985 Agricultural Chartbook--Enlargement version (black and white charts, each on an 8- by 10-inch page). December 1985. SN001-019-00429-1. \$11.00.
- Dietary Guidelines and Your Diet. HG-232-1 to HG-232-7. April 1986. (Set of 7 short bulletins supplementing HG-232, "Nutrition and Your Health: Dietary Guidelines for Americans.") SN001-000-04467-2. \$4.50 single set (25 percent discount on orders of 100 or more).
- U.S. Agriculture in a Global Economy, 1985 Yearbook of Agriculture. SN001-000-04452-4. \$10.00.

Projected Food Expenditures

Income, age, race, region of household residence, and season of the year affect individual expenditures for food, as reported in a recent bulletin from the Economic Research Service, U.S. Department of Agriculture. Data from the Consumer Expenditure Survey: Interview Survey, 1980-81, of the U.S. Bureau of Labor Statistics were used to measure the effects of income and other demographic factors on per person spending for 28 food groups and alcoholic beverages.

Higher income households spend more per person on most food groups--especially beef, fish, cheese, vegetables, butter, and alcoholic beverages--than do lower income

households. Elderly Americans spend less than younger people on food away from home and alcoholic beverages. Nonblacks spend more on food than do blacks, and households in the Northeast and West spend more on food than those in the South and Midwest. Per person spending on food varies little across seasons.

U.S. Census Bureau estimates of population trends (reflecting projected changes in age and racial and regional distributions) and income growth equal to a 2-percent increase in annual income were used to project food spending to the year 2020. The two most significant demographic changes affecting consumer food demand will be the slowing of the overall population growth rate and the subsequent aging of the population. Projected higher incomes and an older population could mean significant shifts in expenditures among food groups even though per capita expenditures for all commodities are likely to increase between 1980 and 2020.¹ Foods that are expected to show the largest per capita expenditure increases include fish, fresh fruits, fresh vegetables, butter, and alcoholic beverages (see table). Smallest increases are expected for milk and cream, eggs, and margarine. Spending for total food, food eaten at home, and food eaten away from home is projected to increase 38.9 percent, 23.5 percent, and 62.1 percent, respectively. Income will be the major contributing factor.

¹See James R. Blaylock, and David M. Smallwood, 1986, Projected growth in American food spending, National Food Review, NFR-32:18-21, U.S. Department of Agriculture, Economic Research Service.

Source: Blaylock, James R., and David M. Smallwood, 1986, U.S. Demand for Food: Household Expenditures, Demographics, and Projections, Technical Bulletin No. 1713, U.S. Department of Agriculture, Economic Research Service.

Projected per capita effects of combined demographic changes and a 2-percent increase in annual income on weekly food expenditures, middle series¹

[1980 = 100]

Item	1990	2000	2010	2020
	(percent)			
Total food	108.0	117.5	128.0	138.9
Food away from home.....	112.1	125.9	142.2	162.1
Food at home	105.0	111.4	118.1	123.5
Meat, poultry, fish, and eggs	105.5	112.6	120.1	125.3
Beef	105.0	112.2	119.9	126.0
Pork	104.7	110.9	117.0	120.1
Other meat	103.4	108.1	112.5	114.6
Poultry	104.3	108.6	112.4	113.0
Fish	109.4	121.1	133.5	145.0
Eggs	101.0	102.8	104.4	104.1
Cereals and bakery products	103.3	108.1	112.4	115.1
Dairy products	103.0	107.0	110.9	113.9
Milk and cream	99.8	101.1	102.3	102.6
Cheese	107.1	114.6	122.0	128.1
Other dairy products.....	104.9	111.4	117.2	122.9
Fruits	105.7	113.3	123.4	135.2
Fresh	105.6	114.1	125.6	140.3
Processed	106.0	112.5	119.8	126.3
Vegetables	106.7	114.5	122.7	129.1
Fresh	107.1	115.3	124.2	131.5
Processed	105.7	112.6	119.1	123.4
Sugars and sweeteners	103.4	108.0	111.5	114.1
Nonalcoholic beverages	103.1	107.6	111.8	114.2
Fats and oils	104.8	110.6	116.4	120.7
Butter	107.8	116.2	125.2	134.7
Margarine	102.9	107.2	109.8	109.5
Other	103.5	108.8	113.8	117.4
Miscellaneous	105.4	111.1	117.4	122.9
Alcoholic beverages	111.6	124.8	142.6	164.5

¹Demographic changes include changing age, regional, and racial distributions.

Source: Blaylock, James R., and David M. Smallwood, 1986, U.S. Demand for Food: Household Expenditures, Demographics, and Projections, Technical Bulletin No. 1713, U.S. Department of Agriculture, Economic Research Service.

Updated Estimates of the Cost of Raising a Child

The cost of raising urban children: June 1986; moderate-cost level¹

Region and age of child (years)	Total	Food at home ²	Food away from home	Clothing	Housing ³	Medical care	Educa-tion	Transpor-tation	All other ⁴
MIDWEST:⁵									
Under 1	\$4,517	\$581	\$0	\$140	\$1,967	\$321	\$0	\$849	\$659
1	4,649	713	0	140	1,967	321	0	849	659
2-3	4,326	713	0	227	1,728	321	0	740	597
4-5	4,583	818	152	227	1,728	321	0	740	597
6	4,799	792	152	315	1,639	321	149	740	691
7-9	4,983	976	152	315	1,639	321	149	740	691
10-11	5,168	1,161	152	315	1,639	321	149	740	691
12	5,509	1,188	182	454	1,699	321	149	794	722
13-15	5,641	1,320	182	454	1,699	321	149	794	722
16-17	6,178	1,478	182	629	1,758	321	149	876	785
Total	91,856	18,502	2,308	6,152	30,992	5,778	1,788	14,026	12,310
NORTHEAST:									
Under 1	4,481	686	0	140	1,997	321	0	740	597
1	4,639	844	0	140	1,997	321	0	740	597
2-3	4,515	818	0	245	1,818	321	0	685	628
4-5	4,773	924	152	245	1,818	321	0	685	628
6	5,140	924	182	332	1,788	321	186	685	722
7-9	5,324	1,108	182	332	1,788	321	186	685	722
10-11	5,562	1,346	182	332	1,788	321	186	685	722
12	5,893	1,346	182	489	1,848	321	186	767	754
13-15	6,051	1,504	182	489	1,848	321	186	767	754
16-17	6,478	1,663	212	612	1,877	321	186	822	785
Total	96,934	21,138	2,548	6,432	33,140	5,778	2,232	13,042	12,624
SOUTH:									
Under 1	4,920	633	0	157	2,116	356	0	904	754
1	5,052	765	0	157	2,116	356	0	904	754
2-3	4,733	739	0	245	1,877	356	0	794	722
4-5	4,964	818	152	245	1,877	356	0	794	722
6	5,279	818	182	332	1,788	356	224	794	785
7-9	5,437	976	182	332	1,788	356	224	794	785
10-11	5,649	1,188	182	332	1,788	356	224	794	785
12	6,014	1,188	212	489	1,848	356	224	849	848
13-15	6,172	1,346	212	489	1,848	356	224	849	848
16-17	6,616	1,478	212	629	1,907	356	224	931	879
Total	100,016	18,816	2,668	6,500	33,674	6,408	2,688	15,006	14,256
WEST:									
Under 1	4,847	633	0	140	2,056	392	0	904	722
1	5,006	792	0	140	2,056	392	0	904	722
2-3	4,748	765	0	227	1,848	392	0	794	722
4-5	5,036	871	182	227	1,848	392	0	794	722
6	5,422	844	212	332	1,818	392	186	822	816
7-9	5,607	1,029	212	332	1,818	392	186	822	816
10-11	5,845	1,267	212	332	1,818	392	186	822	816
12	6,158	1,267	212	472	1,877	392	186	904	848
13-15	6,290	1,399	212	472	1,877	392	186	904	848
16-17	6,893	1,583	243	594	1,967	392	186	986	942
Total	102,168	19,792	2,970	6,256	33,854	7,056	2,232	15,504	14,504

¹Annual cost of raising a child from birth to age 18, by age, in a husband-wife family with no more than 5 children. For more information on these and additional child cost estimates, see USDA Miscellaneous Publication No. 1411, "USDA Estimates of the Cost of Raising a Child: A Guide to Their Use and Interpretation," by Carolyn S. Edwards, Family Economics Research Group, Agricultural Research Service, USDA.

²Includes home-produced food and school lunches.

³Includes shelter, fuel, utilities, household operations, furnishings, and equipment.

⁴Includes personal care, recreation, reading, and other miscellaneous expenditures.

⁵Formerly the North Central Region.

The cost of raising rural nonfarm children: June 1986; moderate-cost level ¹

Region and age of child (years)	Total	Food at home ²	Food away from home	Clothing	Housing ³	Medical care	Educa-tion	Transpor-tation	All other ⁴
MIDWEST:⁵									
Under 1	\$4,267	\$528	\$0	\$122	\$1,877	\$321	\$0	\$822	\$597
1	4,399	660	0	122	1,877	321	0	822	597
2-3	3,908	633	0	192	1,579	285	0	685	534
4-5	4,135	739	121	192	1,579	285	0	685	534
6	4,481	739	152	297	1,550	285	149	712	597
7-9	4,639	897	152	297	1,550	285	149	712	597
10-11	4,850	1,108	152	297	1,550	285	149	712	597
12	5,210	1,108	152	454	1,609	285	149	794	659
13-15	5,342	1,240	152	454	1,609	285	149	794	659
16-17	5,735	1,372	182	559	1,639	321	149	822	691
Total	85,556	17,150	2,126	5,728	29,084	5,274	1,788	13,476	10,930
NORTHEAST:									
Under 1	4,954	633	0	140	2,116	321	0	959	785
1	5,086	765	0	140	2,116	321	0	959	785
2-3	4,854	739	0	227	1,937	321	0	876	754
4-5	5,141	844	182	227	1,937	321	0	876	754
6	5,532	844	212	332	1,907	321	224	876	816
7-9	5,691	1,003	212	332	1,907	321	224	876	816
10-11	5,928	1,240	212	332	1,907	321	224	876	816
12	6,281	1,240	212	507	1,967	321	224	931	879
13-15	6,440	1,399	212	507	1,967	321	224	931	879
16-17	6,990	1,557	243	664	2,026	321	224	1,013	942
Total	104,072	19,448	2,970	6,536	35,342	5,778	2,688	16,428	14,882
SOUTH:									
Under 1	5,112	633	0	157	2,116	356	0	1,096	754
1	5,218	739	0	157	2,116	356	0	1,096	754
2-3	4,727	713	0	245	1,818	356	0	904	691
4-5	5,014	818	182	245	1,818	356	0	904	691
6	5,236	792	182	332	1,758	356	186	876	754
7-9	5,394	950	182	332	1,758	356	186	876	754
10-11	5,605	1,161	182	332	1,758	356	186	876	754
12	6,015	1,161	212	507	1,818	356	186	959	816
13-15	6,147	1,293	212	507	1,818	356	186	959	816
16-17	6,662	1,451	243	717	1,848	356	186	1,013	848
Total	100,220	18,340	2,790	6,748	33,020	6,408	2,232	16,926	13,756
WEST:									
Under 1	5,318	633	0	140	2,146	392	0	1,096	911
1	5,450	765	0	140	2,146	392	0	1,096	911
2-3	4,917	739	0	227	1,848	356	0	931	816
4-5	5,204	844	182	227	1,848	356	0	931	816
6	5,626	818	182	350	1,818	392	224	931	911
7-9	5,811	1,003	182	350	1,818	392	224	931	911
10-11	6,022	1,214	182	350	1,818	392	224	931	911
12	6,429	1,214	212	524	1,877	392	224	1,013	973
13-15	6,587	1,372	212	524	1,877	392	224	1,013	973
16-17	7,211	1,557	243	612	1,997	392	224	1,150	1,036
Total	106,725	19,263	2,790	6,608	34,094	6,912	2,688	17,854	16,516

¹Annual cost of raising a child from birth to age 18, by age, in a husband-wife family with no more than 5 children. For more information on these and additional child cost estimates, see USDA Miscellaneous Publication No. 1411, "USDA Estimates of the Cost of Raising a Child: A Guide to Their Use and Interpretation," by Carolyn S. Edwards, Family Economics Research Group, Agricultural Research Service, USDA.

²Includes home-produced food and school lunches.

³Includes shelter, fuel, utilities, household operations, furnishings, and equipment.

⁴Includes personal care, recreation, reading, and other miscellaneous expenditures.

⁵Formerly the North Central Region.

Consumer Prices

Consumer Price Index for all urban consumers
[1967 = 100, unless otherwise noted]

Group	Unadjusted indexes			
	July 1986	June 1986	May 1986	July 1985
All items	328.0	327.9	326.3	322.8
Food	320.1	317.1	317.0	309.5
Food at home.....	305.5	301.6	302.1	296.2
Food away from home.....	360.8	360.2	358.8	347.3
Housing	361.5	361.2	358.5	351.6
Shelter.....	403.5	401.6	400.9	383.2
Renters' costs ¹	122.5	121.6	121.1	115.8
Rent, residential	281.2	279.4	278.4	265.0
Homeowners' costs ¹	119.4	119.0	118.9	113.5
Maintenance and repairs	369.2	366.6	367.1	367.8
Maintenance and repair services	430.1	427.4	425.5	421.1
Maintenance and repair commodities ..	262.7	260.7	262.9	267.8
Fuel and other utilities	389.4	393.8	382.5	399.9
Fuel oil, coal, and bottled gas	459.4	486.6	496.8	601.9
Gas (piped) and electricity	462.3	466.0	444.6	467.1
Household furnishings and operation.....	250.5	250.2	249.9	246.5
Housefurnishings	201.2	200.8	200.8	198.8
Housekeeping supplies	319.5	319.6	318.3	313.1
Housekeeping services	346.6	346.1	345.8	339.8
Apparel and upkeep	203.2	204.5	206.4	202.8
Apparel commodities	187.0	188.4	190.7	188.0
Men's and boys' apparel	195.8	198.1	200.2	194.5
Women's and girls' apparel	159.8	161.3	164.9	163.4
Infants' and toddlers' apparel	307.5	319.7	318.5	294.5
Footwear	209.1	210.0	211.5	211.4
Apparel services	334.6	334.3	333.6	321.4
Transportation	304.7	308.6	305.7	321.8
Private transportation	396.5	300.8	297.8	316.1
New vehicles	224.5	224.0	222.8	214.3
Used cars	360.3	362.5	363.6	376.7
Motor fuel.....	280.2	299.4	289.3	385.5
Maintenance and repair	363.4	362.1	361.3	351.1
Public transportation	428.0	425.4	423.7	402.4
Medical care.....	434.8	432.0	429.7	404.0
Medical care commodities	275.4	273.3	272.3	257.8
Medical care services	469.8	466.8	464.2	435.8
Professional services	391.7	390.3	388.3	368.1
Entertainment	274.4	273.9	272.9	265.7
Other goods and services.....	344.9	342.6	342.1	325.0
Personal care.....	291.1	291.0	290.9	282.3
Personal and educational expenses	421.2	420.4	419.5	390.1

¹Indexes based on December 1982 = 100 base.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

**Subscription Order Or
Change Of Address Form**

**FAMILY
ECONOMICS
REVIEW**

Annual subscription
\$12.00 domestic
(\$15.00 foreign)

Single copies
\$3.25 domestic
(\$4.10 foreign).

Enclosed is \$ _____

☐ Check

☐ Money order

☐ Charge to my Deposit Account

No. _____

Order No. _____

Make check payable to:
Superintendent of Documents

CREDIT CARD ORDERS ONLY

(Visa and Mastercard)

Total charges \$ _____

Credit card No. _____

Expiration Date Month/Year _____

Please print or type

Company or Personal Name _____

Additional Address / Attention Line _____

Street Address _____

City _____

State _____ ZIP Code _____

Country _____

CHANGE OF ADDRESS

Please attach mailing label here and
send this form when requesting a
change of address

MAIL ORDER FORM TO:

Superintendent of Documents
Government Printing Office
Washington, D.C. 20402

FOR OFFICE USE ONLY

Quantity _____ Charges _____

_____ Publications _____

_____ Subscriptions _____

Special Shipping Charges _____

International Handling _____

Special Charges _____

OPNR _____

_____ UPNS

_____ Balance Due

_____ Discount

_____ Refund

Index of Articles in 1986 Issues

	Issue No.	Page
FINANCE		
Contributions and Gifts of Cash	4	12
Economic Characteristics of U.S. Households--2d Quarter 1984	1	24
Households Receiving Noncash Benefits	3	25
New York Family Budget Costs--Annual Price Survey, 1985	4	24
1986 Revision of Poverty Income Guidelines	3	23
Revision of the Equal Credit Regulation.....	3	21
FAMILY LIVING		
Award and Receipt of Child Support and Alimony	2	16
Households, Families, and Living Arrangements	2	32
Child Care Arrangements and Expenditures	4	1
Economic Outlook for Families--1986	2	1
Farm Families: Economic Outlook for 1986	2	10
FOOD		
Bulk Foods--Cost and Other Considerations	1	33
Convenience and the Cost of the "Newer" Frozen Plate Dinners and Entrees	1	26
Diets of School-Age Children and Teenagers	3	14
Family Expenditures for Food Away From Home and Prepared Food ..	3	9
Food Habits of Vietnamese Immigrants.....	2	28
Food and Nutrient Intakes by Women and Children, Spring 1985.....	2	2
Nutrient Content of the U.S. Food Supply	3	8
Projected Food Expenditures	4	26
Second Edition of Dietary Guidelines Available	1	39
Share of Income Spent for Food.....	3	8
LABOR--POPULATION		
Characteristics of the Rural and Farm-Related Population	3	22
Earnings of Married-Couple Families	4	10
Mothers' Labor Force Activity.....	4	8
Planning for Tomorrow's Elderly	4	17
Women and Social Security--Findings From the New Beneficiary Survey.....	1	23
MISCELLANEOUS		
Federal Sources of Family Economic Data	1	1
Housing Alternatives for the Elderly	3	1
Housing Assistance Program Participation	4	21
New Publications From Human Nutrition Information Service	3	25
Perspectives on Comparable Worth	3	26
Recent Trends in Clothing and Textiles.....	2	17
Revision of the Consumer Price Index in 1987.....	1	22
Terms, Concepts, and Acronyms in Family Financial Planning	1	13

Highlights

Child Care

Cash Contributions and Gifts

Tomorrow's Elderly